than the budget by Rs ·84 of a lakh, the saving being mainly under salaries. It is also due to the retrenchment of expenditure effected in the department of which the important items were the abolition of the Thiruvella English Middle School for Girls, the abolition of Manual Training in the Training College and Schools, the reduction of His Highness the Maharaja's College for Women to the II grade, etc. As already explained in para 4 above, the decrease under Industries is due to the transfer of the Rubber Factory from Government management to a limited company on lease for a period of 10 years. The estimated saving under Army is due to the fact that the strength of the Forces has not been brought up to the full sanctioned number. Increased expenditure is also expected under Buildings, Communications and Miscellaneous Public Improvements (2·26), due to the additional grants sanctioned in the course of the year for urgent works.

6. On the Capital section Sale proceeds of Government lands are expected to bring in Rs 1·40 lakhs as against Rs 1·50 lakhs anticipated in the budget, while the capital outlay on Non-productive Schemes is now estimated to amount to Rs 18·90 lakhs against the budgeted expenditure of Rs 43·24 lakhs.

7. Under the tentative arrangements entered into by Government with the State Aided Bank of Travancore Ltd., Alleppey, *vide* Press Communiques dated 9th and 20th September 1936 issued by Government, Government agreed to waive Bh. Rs 2½ lakhs out of the cash credit advance of Bh. Rs 5 lakhs on certain conditions. The Bank have now fulfilled those conditions and provision has therefore been made for the write-off of the sum of Bh. Rs 2½ lakhs as Capital loss on investments in the accounts of the current year. In the result, a net outgoing of Rs 8·53 lakhs is expected against Rs 38·20 lakhs anticipated in the budget. The Government Account balance which was Rs 83·14 lakhs at the beginning of the year is now expected to be reduced to Rs 74·61 lakhs at the close of the current year.

BUDGET ESTIMATES FOR 1113.

8. I shall now pass on to the budget estimates of the coming year. I would invite your attention to the memorable and comprehensive address delivered by the Dewan at the Joint Session of the Assembly and Council just a month ago, explaining in detail the policy and programme of Government in regard to all important matters, administrative, financial, industrial, commercial, agricultural, etc. The budget estimates embody proposals to implement the plans out-lined in the address

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[Rao Bahadur A. Rengaswami Aiyar.]

as far as possible, having regard to the resources available and have been prepared on the basis of normal expectations in regard to the continuance of the present conditions.

9. The budget estimates for the next year have been prepared on the expectation of a total revenue of Rs 249·48 lakhs and the programme of expenditure chargeable to the year's income has been fixed at Rs 246·88 lakhs, leaving a small surplus of Rs 2·60 lakhs. Capital receipts are expected to bring in Rs 4·01 lakhs and our programme of Capital expenditure on Non-productive works is estimated at Rs 39·32 lakhs, Productive works to the extent of Rs 47·28 lakhs being provided under the Debt section of the budget. The anticipated Capital loss of Rs 1·58 lakhs on our investments in the Travancore Sugars is also proposed to be written off the accounts in the next year. We shall thus be drawing from our accumulated surplus, Rs 34·29 lakhs in the next year. In the result, the Government Account balance is expected to be reduced from Rs 74·61 lakhs o Rs 40·32 lakhs at the close of 1113. This is mainly due to the new system adopted in relation to Capital expenditure.

REVENUE.

10. The budgeted revenue for the next year is Rs 249·48 lakhs as against the current year's anticipated revenue of Rs 251·54 lakhs. While improvement in revenue to the extent of Rs 9·85 lakhs is expected under some of the revenue heads, a decline of Rs 11·91 lakhs is expected under others of which Rs 11·03 lakhs is under Customs revenue. The items which contribute to the increase are mainly Taxes on Income (1·71), Excise (2·26), Excise duty on matches (·77), Interest (1·62), Industries (·80), Currency and Mint (1·04), and Miscellaneous (·35). The increase under Income tax is expected mainly under Income derived from business and Supertax as a result of the revision of income-tax rates and the measures proposed to be adopted against evasion of payment of tax. Under Excise, improvement in revenue is expected both under Tobacco, and Abkari and Opium to the extent of Rs 1·75 lakhs and Rs ·51 of a lakh respectively. As a result of the special measures proposed to be adopted to check effectively smuggling of tobacco through the Northern Frontiers, it is expected that the increase in revenue estimated for the next year will be realised. Under Abkari and Opium, the expected increase is on account of the collection of a portion of the arrears of Excise revenue which

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